



JOHN NAIMO
AUDITOR-CONTROLLER

COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

March 31, 2016

TO: Supervisor Hilda L. Solis, Chair
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: John Naimo 
Auditor-Controller

SUBJECT: **DOMESTIC ABUSE CENTER – A DEPARTMENT OF PUBLIC SOCIAL
SERVICES DOMESTIC VIOLENCE SUPPORTIVE SERVICES
PROGRAM PROVIDER – CONTRACT COMPLIANCE REVIEW**

We completed a contract compliance review of the Domestic Abuse Center (DAC or Agency), which included a sample of transactions from July 2013 through April 2015. The Department of Public Social Services (DPSS) contracts with DAC, a non-profit organization, to provide Domestic Violence Supportive Services (DVSS) to eligible victims of domestic violence. DVSS Program services include performing assessments, facilitating shelter assistance, and providing legal assistance to the victims.

The purpose of our review was to determine whether DAC appropriately accounted for and spent DVSS Program funds to provide the services outlined in their County contract. We also evaluated the Agency's financial records, internal controls, and compliance with their County contract and other applicable guidelines.

DPSS paid DAC approximately \$360,000 on a fee-for-service basis from July 2013 through April 2015. The County's Fiscal Year (FY) 2013-14 contract with DAC required the Agency to reinvest or return any unspent revenues to DPSS. DAC provides services to residents of the Third Supervisorial District.

Results of Review

DAC provided services to eligible individuals, recorded and deposited DPSS cash receipts timely, and Agency staff had the qualifications required by their County

contract. However, the Agency did not always comply with all of their County contract requirements. Specifically, DAC:

- Overstated their FY 2013-14 DVSS Program expenditures by \$14,839 on their FY 2013-14 close-out expenditure report.

DAC's attached response indicates that they will work with DPSS and their bookkeeper to revise their FY 2013-14 close-out expenditure report and resolve any unspent revenue. In addition, DAC indicated that they will ensure that their close-out expenditure reports are based on actual expenditures that are allowable under their County contract and properly documented.

- Inappropriately allocated \$4,329 in shared payroll and non-payroll expenditures to the DVSS Program based on unallowable methods.

DAC's attached response indicates that they will work with DPSS and their bookkeeper to reallocate all expenditures charged to the DVSS Program during the contract term, provide DPSS with supporting documentation, and repay any overbilled amounts.

- Did not have written policies for the inventory or disposal of fixed assets and equipment, and did not conduct semi-annual inventories of fixed assets and equipment as required.

DAC's attached response indicates that they will develop written policies for semi-annual inventories and disposals of fixed assets and equipment.

- Did not develop their Cost Allocation Plan (Plan) in compliance with their County contract.

DAC's attached response indicates that they will work with DPSS and their bookkeeper to develop a Plan in compliance with their County contract.

- Did not obtain criminal background clearances or required employment eligibility documentation (i.e., driver's license, social security card, passport, etc.) for two (67%) of the three DVSS Program interns reviewed.

DAC's attached response indicates that they will obtain and maintain criminal background clearances and required employment eligibility documentation for all individuals who work on the DVSS Program.

Details of our review, along with recommendations for corrective action, are attached (Attachment I).

Review of Report

We discussed our report with DAC and DPSS. DAC's attached response (Attachment II) indicates agreement with our findings and recommendations. DPSS will work with DAC to ensure that our recommendations are implemented.

We thank DAC management and staff for their cooperation and assistance during our review. If you have any questions please call me, or your staff may contact Don Chadwick at (213) 253-0301.

JN:AB:PH:DC:AA:pn

Attachments

c: Sachi A. Hamai, Chief Executive Officer
Sheryl L. Spiller, Director, Department of Public Social Services
Claudia Cuevas, Ph.D., Board Chair, Domestic Abuse Center
Gail Pincus, LCSW, Executive Director, Domestic Abuse Center
Public Information Office
Audit Committee

**DOMESTIC ABUSE CENTER
DOMESTIC VIOLENCE SUPPORTIVE SERVICES PROGRAM
CONTRACT COMPLIANCE REVIEW
JULY 2013 THROUGH APRIL 2015**

ELIGIBILITY

Objective

Determine whether Domestic Abuse Center (DAC or Agency) maintained documentation to support the eligibility of individuals that the Agency claimed received Domestic Violence Supportive Services (DVSS) Program services.

Verification

We reviewed the documentation stored in the case files for ten (15%) of the 66 individuals that the Agency claimed received DVSS Program services during March and April 2015.

Results

DAC had documentation to support all ten individuals' eligibility for DVSS Program services.

Recommendation

None.

PROGRAM SERVICES

Objective

Determine whether DAC maintained documentation to support the services billed to the Department of Public Social Services (DPSS) and whether the individuals received the billed services.

Verification

We reviewed the case files for ten (15%) of the 66 individuals that the Agency claimed received DVSS Program services during March and April 2015.

Results

The case files for the ten individuals reviewed had documentation to support that DAC provided services in accordance with their County contract.

Recommendation

None.

STAFFING QUALIFICATIONS

Objective

Determine whether DAC's staff had the required qualifications to provide Program services.

Verification

We reviewed the personnel files for the five (100%) DVSS Program staff and the three (100%) DVSS Program interns who provided services to DVSS Program individuals during March and April 2015.

Results

DAC's five staff and three interns reviewed had the required qualifications to provide Program services.

Recommendation

None.

CASH/REVENUE

Objective

Determine whether DAC properly recorded revenue in their financial records, deposited cash receipts into their bank account timely, and if bank account reconciliations were prepared timely, and reviewed and approved by Agency management.

Verification

We interviewed DAC's management, and reviewed their financial records and April 2015 bank account reconciliations for one bank account.

Results

DAC properly recorded revenue in their financial records, deposited DPSS cash receipts into their bank account timely, and bank account reconciliations were prepared timely, and reviewed and approved by Agency management.

Recommendation

None.

COST ALLOCATION PLAN/EXPENDITURES**Objective**

Determine whether DAC developed their Cost Allocation Plan (Plan) using an appropriate cost allocation methodology, and if expenditures charged to the DVSS Program were allowable under their County contract, properly documented, and appropriately allocated.

Verification

We interviewed DAC personnel, and reviewed their Plan and financial records for seven non-payroll expenditures, totaling \$3,788, that the Agency charged to the DVSS Program from March through April 2015.

Results

DAC did not develop their Plan in compliance with their County contract using an appropriate cost allocation methodology. Specifically, DAC inappropriately allocated shared expenditures (i.e., rent, office supplies, insurance, etc.) based on budgeted salaries and projected revenue, which are unallowable methods. As a result, the Agency inappropriately charged \$3,338 (88%) of the \$3,788 in non-payroll expenditures reviewed to the DVSS Program.

Recommendations**Domestic Abuse Center management:**

1. **Reallocate all expenditures charged to the Domestic Violence Supportive Services Program during the contract term, provide the Department of Public Social Services with supporting documentation, and repay any overbilled amounts.**
2. **Ensure that all expenditures charged to the Domestic Violence Supportive Services Program are allowable, properly documented, and accurately allocated.**
3. **Develop a Cost Allocation Plan that complies with their County contract.**

FIXED ASSETS AND EQUIPMENT**Objective**

Determine whether DAC's fixed assets and equipment purchased with DVSS Program funds were used for the appropriate Program and adequately safeguarded.

Verification

We interviewed Agency personnel, and reviewed their fixed assets and equipment inventory list. We also performed a physical inventory of five items purchased with DVSS Program funds to verify the items exist and were being used for the Program.

Results

DAC maintained a complete and accurate listing of fixed assets and equipment. However, DAC did not have any written policies or procedures for the inventory or disposal of fixed assets and equipment, and did not conduct semi-annual inventories as required.

Recommendation

4. Domestic Abuse Center management develop written policies and procedures for the inventory and disposal of fixed assets and equipment, and conduct semi-annual inventories of fixed assets and equipment.

PAYROLL AND PERSONNEL**Objective**

Determine whether DAC maintained personnel files as required and charged payroll expenditures to the DVSS Program that were allowable, properly documented, and appropriately allocated.

Verification

We compared the payroll expenditures for five employees, totaling \$5,473 for March and April 2015, to the Agency's payroll records and time reports. We also interviewed employees, and reviewed personnel files for five DVSS Program employees and three DVSS Program interns.

Results

DAC inappropriately allocated \$991 (18%) of the \$5,473 in payroll expenditures reviewed to the DVSS Program. Specifically, DAC inappropriately allocated \$991 to the

DVSS Program for the Executive Director's salary based on an estimated rate, instead of using an allowable method based on actual conditions. We noted a similar finding during our prior monitoring review.

DAC also did not obtain criminal background clearances or required employment eligibility documentation (i.e., driver's license, social security card, passport, etc.) for two (67%) of the three interns reviewed.

Recommendations

Refer to Recommendations 1 and 2.

- 5. Domestic Abuse Center management obtain criminal background clearances and required employment eligibility documentation for all employees who work on the Domestic Violence Supportive Services Program.**

CLOSE-OUT REVIEW

Objective

Determine whether DAC's close-out expenditure report reconciled to their financial records and whether the Agency had any unspent revenue for the DVSS Program for Fiscal Year (FY) 2013-14.

Verification

We compared the total revenues and expenditures from DAC's FY 2013-14 close-out expenditure report to the Agency's accounting records, and to DPSS' financial records.

Results

DAC's close-out expenditure report for FY 2013-14 indicated that they did not have any unspent revenue for FY 2013-14. However, as noted above, DAC inappropriately charged the DVSS Program for shared expenditures based on unallowable methods. In addition, DAC's close-out expenditure report did not reconcile to their accounting records. Specifically, the Agency's FY 2013-14 close-out expenditure report indicated that their DVSS Program expenditures totaled \$195,134. However, the Agency's accounting records indicated that their FY 2013-14 DVSS Program expenditures totaled \$180,295, resulting in a \$14,839 (\$195,134 - \$180,295) overstatement. DAC needs to revise their accounting records based on our cost allocation recommendations above, provide DPSS with a revised close-out expenditure report for FY 2013-14, and work with DPSS to return or reinvest any unspent revenue.

Recommendations

Domestic Abuse Center management:

- 6. Ensure that their close-out expenditure reports are based on actual expenditures as required.**
- 7. Revise their accounting records based on our recommendations above, provide the Department of Public Social Services with a revised close-out expenditure report for Fiscal Year 2013-14, and work with the Department of Public Social Services to return or reinvest any unspent revenue.**



DOMESTIC ABUSE CENTER
14402 HAYNES STREET, SUITE 204
VAN NUYS, CA. 91401
818 904 1700
FAX: 818 904 1750
EMAIL: gpincusdac@aol.com
Dac999@sbcglobal.net

John Naimo, Auditor-Controller
County of Los Angeles
Department of Auditor-Controller
Countywide Contract Monitoring Division
350 South Figueroa Street, 8th Floor
Los Angeles, Ca. 90071

Dear Mr. Naimo,

The response of the Domestic Abuse Center to the Auditor Controller's
Report for July 2013 –April 2015 is as follows:

1. DOMESTIC ABUSE CENTER MANAGEMENT: RE ALLOCATES ALL EXPENDITURES CHARGED TO DVSS

We will be working with DPSS, our bookkeeper and staff to re allocate expenditures charged to the DVSS program during the contract term, provide DPSS with supporting documentation and repay any overbilled amounts.

2. ENSURE THAT ALL EXPENDITURES CHARGED TO THE DVSS PROGRAM ARE ALLOWABLE, PROPERLY DOCUMENTED, AND ACCURATELY BILLED.

We will work with DPSS, our bookkeeper and staff to ensure in the future that all expenditures charged to the DVSS program are allowable, properly documented, and accurately billed.

3. DEVELOP A COST ALLOCATION PLAN THAT COMPLIES WITH THE COUNTY CONTRACT.

We will be working with DPSS and our bookkeeper to develop a cost allocation plan that complies with our County Contract.

4. DOMESTIC ABUSE CENTER MANAGEMENT DEVELOP WRITTEN POLICIES AND PROCEDURES FOR THE INVENTORY AND DISPOSAL OF FIXED ASSETS AND EQUIPMENT, AND CONDUCT SEMI-ANNUAL INVENTORIES OF FIXED ASSETS AND EQUIPMENT.

The Domestic Abuse Center will develop written policies for the semi annual internal inventory of fixed assets and equipment across programs, with a method of identifying all DVSS purchased assets and equipment available for the external DVSS semi annual audit of fixed assets and equipment. These policies will identify the



DOMESTIC ABUSE CENTER
14402 HAYNES STREET, SUITE 204
VAN NUYS, CA. 91401
818 904 1700
FAX: 818 904 1750
EMAIL: gpincusdac@aol.com
Dac999@sbcglobal.net

method and personnel who conduct the inventory and will include a policy for disposal of unused or outdated equipment consistent with DVSS methods.

5. DOMESTIC ABUSE CENTER MANAGEMENT OBTAINS CRIMINAL BACKGROUND CLEARANCES AND EMPLOYMENT ELIGIBILITY DOCUMENTATION FOR ALL INDIVIDUALS WHO WORK ON THE DVSS PROGRAM.

The DAC will maintain personnel files for everyone who works with DVSS participants that will include criminal background clearances and employment eligibility documentation for all staff and interns who work in the DVSS program going forward. In the past, for our interns, we have used the ID cards supplied by our police department that required a live scan to be cleared in order to be in that program and the ID cannot be issued without it. We do not receive the actual clearance. Going forward, we will have all of the interns cleared ourselves so we can have the documentation for personnel files of each intern as we do for all staff.

6. DOMESTIC ABUSE CENTER SHALL ENSURE THAT THE CLOSE OUT REPORTS ARE BASED ON ACTUAL EXPENDITURES AS REQUIRED.

DAC will work with DPSS and our bookkeeper to ensure that the close-out reports are based on actual expenditures that are allowable and appropriately documented by revising the close out report and resolving any issue of unspent funds. Going forward we will use the allowable and properly documented expenditures to create the close out reports.

7. REVISE OUR ACCOUNTING RECORDS BASED ON THE ABOVE RECOMMENDATIONS, PROVIDE THE DEPARTMENT OF PUBLIC SOCIAL SERVICES WITH A REVISED CLOSE-OUT EXPENDITURE REPORT FOR FISCAL 2013-2014, AND WORK WITH THE DEPARTMENT OF PUBLIC SOCIAL SERVICES TO RETURN OR REINVEST ANY UNSPENT FUNDS.

The Domestic Abuse Center will work with DPSS, our bookkeeper and staff to revise the close-out report for fiscal 2013-2014 to ensure that all expenditures are included, properly documented, and allowable. We will resolve any issues of any unspent funds. This report has been sent to our bookkeeper to assist in the resolution of this issue.

A handwritten signature in black ink, appearing to read "Gail Pincus", is written over a horizontal line.

Gail Pincus, LCSW
Executive Director
January 26, 2016